MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2019/2020

DEC5634 – FUNDAMENTALS OF ENTREPRENEURSHIP

(All Sections/Groups)

12 OCTOBER 2019
9.00 a.m. – 11.00 a.m.
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of 9 pages with 2 sections.

2. Attempt **ALL** questions in Section A and Section B. The distribution of the marks for each question is given.

3. Please write all your answers for Section A on the OMR form provided and all answers for Section B in the Answer Booklet provided.

SECTION A: Multiple Choice Questions (40 Marks)

1. A/An _____ is the process of identifying the need in the market, developing a solution for that need, and determining the entrepreneur's ability to successfully turn the idea into a business.
   A. business idea
   B. feasibility assessment
   C. strategic analysis
   D. idea assessment

2. _____ is normally used to help an entrepreneur assess ideas.
   A. Idea toolkit
   B. Idea matrix
   C. Idea classroom
   D. Idea sketch pad

3. The process of determining whether an entrepreneur's idea is viable to start turning that idea into a successful business is known as a _____.
   A. business model canvas
   B. market analysis
   C. feasibility analysis
   D. value proposition analysis

4. Which of the following is **NOT** a macro force that can be a possible factor that creates change for the business?
   A. Economic factors.
   B. Technological advancement.
   C. Entry barriers.
   D. Political stability.

5. In this 21st century, there are more women entering the corporate workforce. This is a/an example of _____ change.
   A. sociocultural
   B. demographic
   C. economic
   D. political

6. Which of the following is in the category of primary research?
   A. Interviews.
   B. Google.
   C. Books from library.
   D. Business magazines.

Continued ...

7. _____ is where entrepreneurs test their business in a small scale before launching in a full scale. With this they can avoid major loss and they will manage to identify the flaws of the business.
   A. Business prototyping
   B. Pivoting
   C. Feasibility test
   D. Census analysis

8. Porter's five forces model assesses industry attractiveness by surveying these five factors _____.
   A. potential competitors, suppliers, buyers, similar products, and rivalry among existing firms
   B. potential entrants, demanders, raw materials, substitutes, and rivalry among existing firms
   C. potential entrants, suppliers, buyers, substitutes, and rivalry among existing firms
   D. potential entrants, competitors, buyers, substitutes, and rivalry among future firms

9. Which of the following is key in choosing the right form of business ownership?
   A. Having a futuristic business and what will be in 20 years.
   B. Forming a limited liability company since they are the only forms of business that offers owners liability protection.
   C. Choosing based on the trend of the market.
   D. Understanding the characteristics of each form and knowing how they affect your business and personal circumstances.

10. Which of the following factors would **NOT** influence an entrepreneur's choice when it comes to business ownership form?
    A. Liability exposure.
    B. Personal issues.
    C. Business goals.
    D. Management succession plans.

11. The most common and simplest form of business ownership to create is _____.
    A. partnership
    B. corporation
    C. general liability company
    D. sole proprietorship

Continued ...

12. Chong Won and Ching Wen wants to work together and open a partnership business. Which of the following is **NOT** the advantages of a partnership business?
    A. Profit earn by one by person.
    B. Larger pool of capital.
    C. Complementary skills of partners.
    D. Easy to establish.

13. In a general partnership, _____.
    A. no partner can be held legally responsible for decisions since the partnership itself is a legal entity
    B. each partner is held responsible for an agreement/decision made by any one of the partners
    C. no decision will bind any of the partners unless all of them agree to it in writing
    D. partners can be held responsible only for decisions they make personally

14. _____ is a type of corporation that has a large number of shareholders and is traded on large stock exchanges.
    A. Openly held corporation
    B. Liability corporation
    C. Publicly held corporation
    D. Limited edition corporation

15. In C Corporation type of business, they need to pay taxes at the corporate tax rate and stockholders pay taxes on dividends they receive. This **BEST** refers to _____.
    A. goods and services tax
    B. double taxation
    C. income tax
    D. excise tax

16. Taufiq plans to open a limited liability company (LLC). Before starting a limited liability company (LLC) he need to know the **TWO (2)** documents required, which is _____ and_____.
    A. articles of organisation; operating agreement
    B. correspondence list; formal corporation legal list
    C. revised uniform article; business agreement
    D. partnership article; formal agreement

17. A franchise is a system of distribution in which semi-independent business owners pay _____ and _____ to a parent company in return for the right to become identified with its trademark, to sell its product or services, and often to use its business format and system.
    A. fees; royalties
    B. percentage form profit; royalties
    C. deposit; consultation charges
    D. fees; taxes from sales

Continued ...

18. Fast food restaurants like McDonald's and Burger King is an example of a _____ franchise.
    A. pure
    B. product distribution
    C. trade name
    D. service provider

19. Which of the following is **NOT** benefit that an individual gets if they get involved in franchise business?
    A. Management training and support is provided.
    B. Brand name appeal and standardisation of goods and services.
    C. Decentralisation of buying power.
    D. Greater chances for success.

20. Zi Kai plans to operate a Starbugz franchise it in Multimedia University. In order for him to be a successful franchise owner, he must have the below qualities **EXCEPT:**
    A. doing the business their own way.
    B. coachability.
    C. willingness to work with others.
    D. leadership ability.

21. Owners of independent businesses that becomes franchisees to gain advantage from the name recognition of the company they want to franchise is called as _____.
    A. intercept marketing.
    B. conversion franchising
    C. refranchising
    D. multi-unit franchising

22. Chern Sin, as a franchisee, has the rights to create a semi-independent by her ability to recruit, sell, and support other franchisees. This **BEST** refers to _____.
    A. area development
    B. reliability of franchisee
    C. master franchise
    D. co-franchisee

23. _____ is where two or more franchises team up to sell complementary products or services under one roof.
    A. Twin sharing business
    B. Piggyback
    C. Mobile franchises
    D. Automated franchises

24. When it comes to purchasing products, equipment, and incurring other expenses, the franchisor _____.

Continued ...

A. cannot set the retail price that the franchisees is charging
B. is permitted to set the retail price for the franchisee
C. cannot require the franchisees to buy from the franchise company
D. cannot require franchisees to buy from an "approved" suppliers

25. Setting prices for products and services require entrepreneurs to balance a multitude of complex forces. This is because entrepreneurs determine prices for their goods and services that will _____ and _____.
A. draw customers; produce profit
B. position their price; lower their competitors advantage
C. attract more suppliers; have lower volume of margin sales
D. minimise the risk; effectively compete with online alternatives

26. A common pricing mistake entrepreneurs make is lowering prices because they fail to recognise the _____.
A. advantages they have due to their lower cost structure
B. complexities that larger competitors have to face
C. driving need that all customers have to find the lowest price possible
D. extra value, convenience, service, and quality they offer their customers

27. Shu Jie sets his products at _____ because it may convey the idea of quality, prestige and uniqueness to customers.
A. high prices
B. low prices
C. high percentage of discounts
D. effective packaging

28. A traditional method of product costing in which all manufacturing and overhead costs are absorbed into the product's total cost is called _____.
A. variable costing
B. break-even pricing
C. absorption costing
D. cost-plus pricing

29. Chee Ying Sdn Bhd has invested time and money in developing a unique new product. To recoup some of the high research and development costs, they will likely use a _____ pricing strategy.
A. skimming
B. penetration
C. scale-up
D. discount

30. Zhi Kai Vegetables Corporation uses _____ pricing in their business. This is a technique that involves marking down the normal price of a popular item in an attempt

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to attract more customers who make incidental purchases of other items at regular prices.

A. markup
B. leader
C. markdown
D. multiple charge

31. A technique offering customers discounts if they purchase in multiple quantity is referred to as _____.

A. geographic pricing
B. freemium pricing
C. dynamic pricing
D. multiple-unit pricing

32. Which of the following is **NOT** the ways that can be used to minimise credit card fraud?

A. Require a CVV2 number whenever doing a transaction.
B. Check customers IP addresses.
C. Ignore verification when it comes to large orders.
D. Contact the credit card company that issued the card.

33. Which of the following is **NOT** representing capital?

A. Cash.
B. Machinery.
C. Inventory.
D. Wages.

34. The first source of capital an entrepreneur should look for is from _____.

A. a bank loan
B. venture capitalist
C. his/her own savings
D. joint venture

35. A method of raising capital that taps the power of social networking and allows entrepreneurs to post their elevator pitches and proposed investment terms on specialised web sites and raise money from ordinary people who invest as little as RM1 is called _____.

A. angel financing
B. venture capital
C. bootstrapping
D. crowd funding

36. Which of the following is **NOT** a characteristic of an angel investor?

A. Purchasing majority ownership in the company.

Continued ...

B. Willing to wait for a long time to cash out their investment.
C. Investing in the startup phase of the company.
D. Investing in spin-off phase of the company.

37. _____ is where start-up companies received a small amount of seed capital and support to kick start their business.
A. Accelerator programs
B. Business integration programs
C. Diversified financing programs
D. Debt financing programs

38. Which of the following is the **BEST** explanation for 'glocalise"?
A. Making a global decisions about a product, market and management and allow local employees to make tactical decisions.
B. Imposing a certain amount of tax to the goods and services imported into the country.
C. Inability to obtain adequate information about going global.
D. Keeping the citizenship in their home country but live and run their business on foreign soil.

39. Entrepreneurs can also use _____ to finance their business. This method allows them to use their retirement savings to fund their business start-ups.
A. leasing
B. Rollovers as Business Startups (ROBS)
C. peer-to-peer lending
D. loan broker

40. Which of the below is **NOT** the sources for short-term loans?
A. Home equity loans.
B. Term loans.
C. Lines of credit.
D. Financial planning.

(Total: 40 marks)

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SECTION B: Structured Questions (60 Marks)

QUESTION 1

(a) Tan Hui Lin is a managing director and founder of Twenty3 and Mohd Ghaz Abu Bakar is the director and founder of The Media Hustler Sdn Bhd; both graduated from Multimedia University and are now very successful entrepreneurs. In order to be an entrepreneur, they must have certain characteristics. List down any **SIX (6)** characteristics that an individual need in order to be an entrepreneur.
(6 marks)

(b) Creativity is a key to innovation. Companies always fail to create a creative environment or culture in their company. List down any **FIVE (5)** ways a company can enhance creativity. (5 marks)

(c) Explain the differences between ***divergent thinking*** and ***convergent thinking.***
(4 marks)

(Total: 15 marks)

QUESTION 2

(a) Describe any **SIX (6)** tips for making a successful and impactful idea pitch to your future investors. (6 marks)

(b) Provide the **NINE (9)** steps involved in the strategic management process in correct order. (9 marks)

(Total: 15 marks)

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QUESTION 3

(a) Siew Yee is a young entrepreneur who has recently ventured into start-ups. Her start-up, a beauty product business, is rapidly expanding. However, she is facing with many competitors selling similar products. Advice **FIVE (5)** ways Siew Yee can take to build a competitive edge over her competitors. (10 marks)

(b) List down any **THREE (3)** principles of bootstrap marketing. (3 marks)

(c) Define the term ***unique selling point.*** (2 marks)

(Total: 15 marks)

QUESTION 4

(a) Social medias like Facebook and Instagram are the main platforms that used by entrepreneurs to promote, create awareness of their product and services and increase customer traffic. Nonetheless, if used incorrectly, the objectives of driving more traffic to the entrepreneur's site will not be achieved. List and explain the **THREE (3)** main keys in using these platforms for promotion. (6 marks)

(b) Identify **FOUR (4)** ways how a letter of credit works. (8 marks)

(c) Kok Meng is a successful young entrepreneur in Malaysia. Now he plans to expand his business in New Zealand. List any **ONE (1)** strategy that he can use to bring his company to a global platform. (1 mark)

(Total: 15 marks)

End of Paper.